

By: Simmons

H.B. No. 3168

A BILL TO BE ENTITLED

AN ACT

relating to remedies for oppression of minority shareholders by directors of closely held corporations.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter E, Chapter 21, Business Organizations Code, is amended by adding Section 21.227 to read as follows:

Sec. 21.227. REMEDIES FOR SHAREHOLDER OPPRESSION IN CLOSELY HELD CORPORATIONS. (a) In this section, "closely held corporation" has the meaning assigned by Section 21.563.

(b) If, in an action by a minority shareholder of a closely held corporation, it is established that the actions of the board of directors of the corporation are oppressive with respect to the shareholder, the court may order, in addition to any remedy authorized by this code, any legal or equitable remedy the court determines appropriate under the circumstances, including:

(1) the appointment of a fiscal agent to periodically report to the court;

(2) the retention of jurisdiction by the court;

(3) an accounting of allegedly misappropriated funds;

(4) an injunction against the oppressive conduct;

(5) payment of a dividend;

(6) a buyout of the minority shareholder's shares;

(7) authorization for the minority shareholder to purchase additional stock; and

1           (8) payment of damages caused by the oppressive  
2 conduct.

3           SECTION 2. The change in law made by this Act applies only  
4 to oppressive conduct that occurs on or after the effective date of  
5 this Act.

6           SECTION 3. This Act takes effect September 1, 2015.